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December 2, 2005

HAND DELIVERY

Administrative Law Judge Meg Gottstein
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear Judge Gottstein:

The Investor Owned Utilities (IOUs), administrators of the 2006-2008 Energy Efficiency programs, are responsible for providing progress reports to the Commission, the Program Advisory Groups (PAGs) and the Peer Review Groups (PRGs) as well as to all other interested stakeholders. The decision on energy efficiency program administration, Decision 05-04-051, provides parties the opportunity to reexamine the present reporting process. (Energy Efficiency Policy Manual for Post-2005 Programs, Section X., 1.)

The IOUs recognize that energy efficiency reporting must perform several tasks:

- Inform the Commission/PAG/PRG of program progress and identify issues for further discussion,
- Demonstrate effective use of ratepayer funds, and
- Provide a comprehensive public record with historical consistency.

The attached proposed report meets these objectives in a clear and effective way. The IOUs propose that the attached report be provided quarterly to the Commission, the PAGs, the PRGs, and all interested stakeholders. Special requests of the Commission, the Energy Division or the Legislature will continue to be handled through the data request process.

In addition to the proposed quarterly reports of expenditures and energy savings, the IOUs recommend that the Commission develop an annual audit plan for energy efficiency programs. Annual audits will allow both the Commission and the IOUs to examine areas of concern and

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adjust processes as appropriate on a timely basis. This process will also allow the IOUs to collect the necessary program data during the program cycle to comply with any audit data requests.

Energy efficiency reporting must also provide a comprehensive public record on an annual basis. In addition to the information on the attached report, an annual report would include a narrative description of portfolio and program activities, the final annual expenditures, the progress toward the energy savings targets, and a summary of any funding shifts or adjustments in targets. Historical consistency will also ease long-term tracking and analysis.

Finally, Commission policy clearly focuses on achieving specific and challenging energy savings goals. The present reporting process began under a different policy framework and produces far more data than is necessary to the Commission or other stakeholders to track actual energy efficiency program success. It is not in the interest of ratepayers to spend the significant resources that the present reporting system requires. The proposed process shown on the attached report will provide the Commission and other stakeholders the program information necessary, in far more efficient way, to make recommendations and decisions while freeing more ratepayer resources for energy saving programs.

Very truly yours,

/s/

Chonda J. Nwamu

CJN/pak

cc: Zenaida Tapawan-Conway
Brian Prusnek
Tim Drew

CERTIFICATE OF SERVICE BY ELECTRONIC MAIL OR U.S. MAIL

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the within cause; and that my business address is Pacific Gas and Electric Company, Law Department B30A, 77 Beale Street, San Francisco, CA 94105.

I am readily familiar with the business practice of Pacific Gas and Electric Company for collection and processing of correspondence for mailing with the United States Postal Service. In the ordinary course of business, correspondence is deposited with the United States Postal Service the same day it is submitted for mailing.

On the 2nd day of December 2005, I served a true copy of:

**JOINT UTILITIES' LETTER TO ALJ GOTTSTEIN AND
REPORT OF PROPOSED REPORTING REQUIREMENTS**

[X] By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed on the official service list for R.01-08-028 and A.05-06-004 with an e-mail address.

[X] By U.S. Mail – by placing the enclosed for collection and mailing, in the course of ordinary business practice, with other correspondence of Pacific Gas and Electric Company, enclosed in a sealed envelope, with postage fully prepaid, addressed to all parties on the official service list for R.01-08-028 and A.05-06-004 without an e-mail address.

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 2nd day of December 2005 at San Francisco, California.

/s/
PATRICIA A. KOKASON